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C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 001562

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TAGS: [PGOV](#) [PINR](#) [ECON](#) [KDEM](#) [MCC](#) [NU](#)

SUBJECT: CHINANDEGANOS CONCERNED ABOUT ORTEGA, OPPOSITION
DISUNITY

Classified By: CDA Peter Brennan for reasons 1.4 (b and d)

11. (C) Summary: The politically active citizens of Nicaragua's north-western department of Chinandega are concerned about President Ortega's centralization of government and attempts to establish local citizens' councils. Members of the private sector note that economic activity is generally decreasing in the department, despite the presence of the Millennium Challenge Account (MCA). In one specific instance, local Sandinista officials have more aggressively pressured a local American investor over land concessions since the elections. Leaders of the opposition parties agree they must find a way to cooperate to prevent an FSLN sweep of the 2008 municipal elections. End Summary.

12. (U) Acting polcouns and incoming Nicaragua Desk Officer visited the north-western department of Chinandega from June 14-15. Officers met with political, business, and civil society leaders to discuss the local economic and political situation. In general, Chinandeganos seemed more optimistic about the medium-term future of the country than their Managua counterparts, but are still concerned about Ortega's authoritarian tendencies, verbal attacks on the USG, and making friends with international outcasts such as Iran and North Korea.

Locals Suspicious of President's "Citizens' Councils"

13. (C) The consensus of opposition political and civil society leaders in Chinandega is that the government's "citizens' councils" are being established along the lines of the Sandinista Defense Committees of the 1980s. They suspect that only ideologically vetted citizens will be permitted to serve on the councils, which will serve as intelligence mechanisms for the government and create an alternative fount of authority apart from the formal bureaucracy.

14. (C) MRS coordinator for Chinandega Jeronimo Navas complained that the selection procedures for the councils in Chinandega have been "secretive," and the councils plan to branch out and organize constituent groups of students and public servants. Local Movimiento por Nicaragua (MpN) coordinator Juanave Cabrera explained that many Sandinistas are unhappy with the councils as they feel that the councils are usurping the authority of existing NGOs (largely controlled by Sandinistas).

Economy Suffering from Vague Policies and Corruption

15. (C) Contacts commented that several economic sectors in Chinandega are declining or holding steady, which they blamed in part on uncertainty over the new governments commitment to a free market economy. Chamber of Commerce vice president Enrique Cardenas noted that active membership in the Chamber has decreased from 120 to 69, and several members of the Chamber's staff have recently emigrated. Etica y Transparencia coordinator Jose Francisco confirmed that emigration in general has increased, with El Salvador, Costa Rica, Spain, and the U.S. as the primary recipients.

16. (C) The Chinandeganos gave a mixed analysis of the impact of MCC projects on Chinandega to date. Cardenas commented that MCC has had a "huge impact" through road building and export promotion. Navas agreed that MCC has helped medium and large producers, but encouraged more work with poor campesinos. ALN departmental secretary Danilo Guerrero agreed with Cardenas and commented that the Sandinista mayors are "taking credit for everything" and "filtering the benefits" of MCC projects, presumably favoring their supporters. Cabrera advised us to heavily promote MCC activities in the press, especially using radio spots that can reach the rural population.

17. (C) American businessman Roberto Membreno, owner of Marina Puesta del Sol, described to us his considerable investment plans for his oceanfront property. Membreno explained, however, that the local police and mayor have refused to assist him with a group of campesinos that have claimed and occupied portions of the property. He reported that a local judge has joined forces with the "land invaders" to extort money from him, a tactic that he has vowed to resist. Membreno claimed that he met with Supreme Court president Manuel Martinez and National Police chief Aminta Granera on June 13 to enlist their support. If the problems are not resolved at the national level, he stated, he will cancel his expansion plans.

Political Parties Agree on Need for Unity

18. (C) Local opposition leaders agreed on the necessity to join forces to oppose the FSLN in the 2008 municipal elections. MRS director Navas explained that the FSLN mayors (who control all but one of Chinandega's 13 municipalities) are especially vindictive towards MRS members, who suffer from higher taxes, slower services, and spurious legal accusations -- persecution that has grown more brazen since the elections. ALN and PLC leaders also agreed on the need for opposition unity while continuing to downplay the relevance of the competing party. Guerrero predicted that the PLC is heading for a "crash" as Arnoldo Aleman's leadership has been "demystified" by the PLC's defeat in the elections. PLC director Alberto Jose Ubilla responded that the PLC still has the strongest party structure, while the ALN depends on Eduardo Montealegre for its (shaky) cohesion.

Comment

19. (C) While President Ortega has repeatedly told investors that their property will be respected, apparently Sandinistas in Chinandega have not received the message. Membreno's experiences are not unique to Chinandega, especially for investors with coastal properties. Unless Ortega makes good on his campaign promises to eliminate corruption and enforce respect for private property, investors in the tourism sector will view Nicaragua with increasing caution, to the detriment of economic growth.

BRENNAN